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June 7, 2018

Arizona Corporation Commission

DOCKETED

Commissioner Andy Tobin
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

JUN -7 2018

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MD

Re: Proposed Arizona Energy Modernization Plan: Docket No. E-00000Q-16-0289

Dear Commissioner Tobin,

Tesla's mission is to accelerate the world's transition to sustainable energy—a goal supported by your proposed Energy Modernization Plan. Many renewable generation and advanced grid technologies like solar photovoltaics and lithium ion energy storage have reached points of cost competitiveness and have demonstrated historical reliability, providing a timely opportunity for the Commission to consider grid modernization. The Grid Modernization Plan, if implemented thoughtfully, has the potential to improve air quality, reduce ratepayer costs, and increase economic development. Tesla supports the proposed Grid Modernization Plan's focus on developing energy storage and increasing availability of electric vehicle ("EV") charging infrastructure, given the potential they have for positive change in AZ.

Energy storage projects around the world and in Arizona have already shown that batteries can provide more cost-effective alternatives to traditional grid upgrades.¹ In addition, deploying energy storage helps maximize the benefit of increasing the use of clean renewable energy. Tesla is interested in the Energy Modernization Plan's forward-thinking proposal that looks to encourage the increased deployment of cost-effective energy storage and renewable generation as an alternative to traditional utility resources.

As with energy storage, the increased adoption of EVs presents an opportunity for all Arizona utility ratepayers to benefit. Increased penetration of charging infrastructure helps make EV ownership more viable for many. Studies have shown that increased EV charging during off-peak times can maximize grid efficiency and ultimately lower the per-unit cost of electricity for all ratepayers.² Tesla is encouraged that the Energy Modernization Plan looks at EV charging infrastructure and urges the Commission to examine methods of cost effective deployment, including a focus on appropriate rate design.

¹ See, Greentech Media, "APS Buys Energy Storage From AES for less Than Half the Cost of a Transmission Upgrade," August 9, 2017. <https://www.greentechmedia.com/articles/read/aes-buys-energy-storage-for-less-than-half-the-cost-of-a-wires-upgrade#gs.dTMibY>

² See, e.g., M.J. Bradley & Associates LLC, "Mid-Atlantic and Northeast Plug-In Electric Vehicle Cost-Benefit Analysis," December 2016.

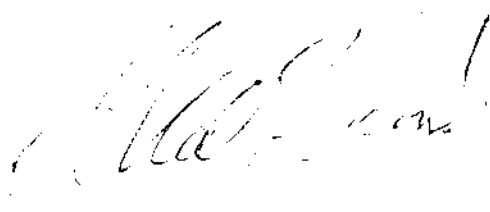
Tesla appreciates the opportunity to offer these comments on your proposed Arizona Energy Modernization Plan.

We look forward to subsequent stakeholder engagement and additional details.

Sincerely,

Thad Kurowski

tkurowski@tesla.com

A handwritten signature in black ink, appearing to read "Thad Kurowski", is written over the printed name and email address.